

**City of Muskegon
Governmental Funds**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS
OF GOVERNMENTAL ACTIVITIES**

December 31, 2003

Total governmental fund balances	\$	10,913,149
----------------------------------	----	------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

Governmental capital assets	\$ 49,899,984	
Less accumulated depreciation	<u>(13,567,337)</u>	36,332,647

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.

Bond issuance costs	76,433	
Additional income taxes receivable	<u>975,000</u>	1,051,433

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Governmental bonds payable	(7,151,900)	
Bond premium	(7,119)	
Accrued interest on the bonds	(26,700)	
Compensated absences (sick pay and vacations)	<u>(1,362,097)</u>	(8,547,816)

Special assessment revenue is not recognized until it is receivable in the current period and therefore is shown as deferred revenue in the governmental funds.

3,896,039

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are reported with governmental activities.

Net assets of the internal service funds	4,656,017	
Amounts due to business-type funds from internal service funds	<u>(1,219,997)</u>	3,436,020

Net assets of governmental activities	\$	<u><u>47,081,472</u></u>
---------------------------------------	----	--------------------------

The accompanying notes are an integral part of this statement.